Proven Reliability...
Innovative Ideas...
Bright Future!

Prairie Agricultural Machinery Institute

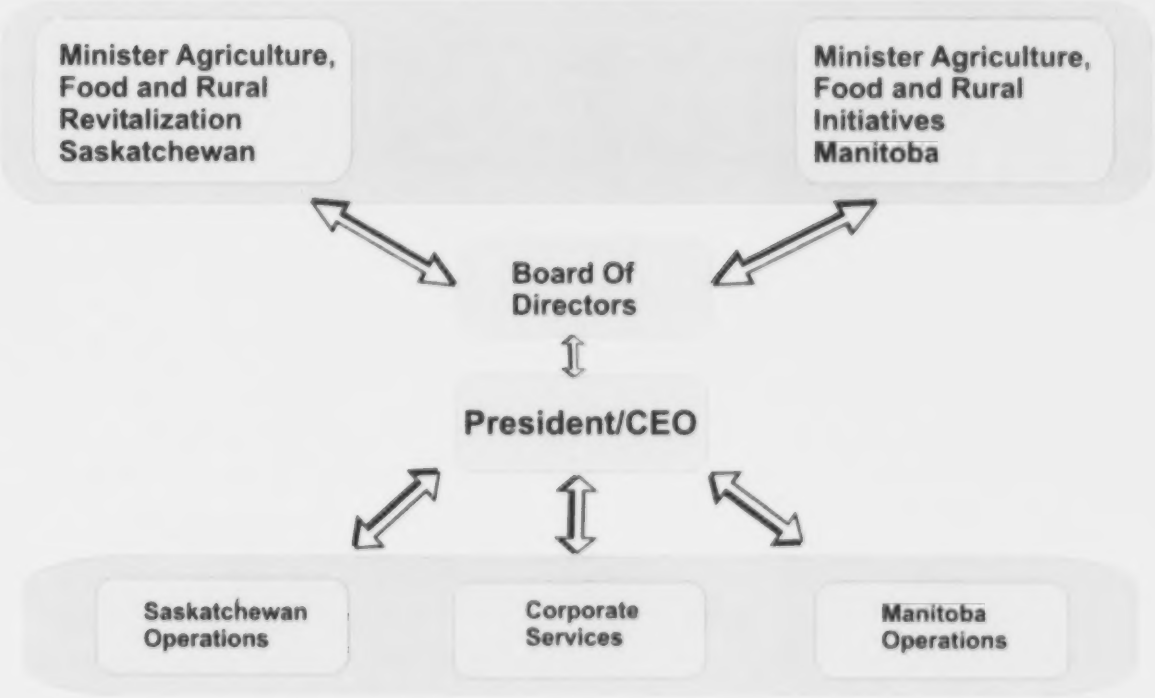
Annual Report 2004 - 2005

Thirty Years Strong

Mission Statement

PAMI drives economic development by applying innovative technologies on a fee-for-service basis. Our unique, dynamic, hands-on team serves clients in:

Agricultural production and processing
Transportation, and military vehicles and systems
Related industries



Contents

Letters of Transmittal	1
Chariman's Message	2
President/CEO's Message	2
Highlights - 2004/05	3
Auditor's Report	6

105-06515/

Letters of Transmittal

PAMI

Humboldt, Saskatchewan

March 31, 2005

Honourable Clay Serby
Deputy Premier,
Minister of Rural Revitalization,
Province of Saskatchewan

Honourable Mark Wartman
Minister of Agriculture and Food,
Province of Saskatchewan

Honourable Rosann Wowchuk
Minister of Agriculture, Food and Rural Initiatives,
Province of Manitoba

It is my honour to present the annual report of the Prairie Agricultural Machinery Institute for the year ended March 31, 2005.

Respectfully submitted,

Tom Lowes, Chairman
Prairie Agricultural Machinery Institute

March 31, 2005

Honourable Dr. Lynda Maureen Haverstock
Lieutenant Governor,
Province of Saskatchewan
Chancellor of the Saskatchewan Order of Merit

Your Honour:

We have the honour to submit the annual report of the Prairie Agricultural Machinery Institute for the year ended March 31, 2005. It includes the Financial Statements audited by the Provincial Auditor.

Respectfully submitted,

Honourable Clay Serby
Deputy Premier,
Minister of Rural Revitalization,
Province of Saskatchewan

Respectfully submitted,

Honourable Mark Wartman
Minister of Agriculture
and Food,
Province of Saskatchewan

**Honourable
Rosann Wowchuk
Minister of Agriculture,
Food and Rural Initiatives,
Province of Manitoba**

**Honourable Clay Serby
Deputy Premier,
Minister of Rural
Revitalization,
Province of Saskatchewan**

**Honourable Mark Wartman
Minister of Agriculture
and Food,
Province of Saskatchewan**

Chairman's message

Tom Lowes,
Chairman
Prairie Agricultural Machinery Institute

This is PAMI's thirtieth year of operation, and it is a milestone of solid accomplishment for our organization.

Our Board met regularly to review progress and provide direction. Our executive reviewed PAMI's operations this year and provided recommendations to us regarding the organization's focus for maximum relevance to our stakeholders. Actions are now underway to achieve the goals set.

PAMI, together with partners and funders, developed a number of new initiatives to broaden our research capabilities for prairie agriculture. It is strategically imperative that our region increases its capacity for livestock production as well as bio-energy and value-added processing. PAMI responded in practical ways, by taking on the operation of a beef research facility and by developing a bio-digester research facility so that commercial firms here can explore better ways to grow.

Andrew Dickson resigned from our Board near year end. We all join in thanking Andrew for his excellent contribution. I would also like to thank our other Board members, our executive, and our staff for again proving the reliability of this organization in responding to the needs of our industry with innovative ideas.

Truly, the future is bright.

Chairman
Prairie Agricultural Machinery Institute

President/CEO's message

David Gullacher
President/CEO
Prairie Agricultural Machinery Institute

I am pleased to report on PAMI's thirtieth year of operation.

This year we conducted over 370 projects for our partners and clients over the broad range of our capabilities. Our work focused on the needs of our region for bigger scale, reliable, effective, and safe farm machinery. We also focused on our region's need for technologies in livestock, organics, bio-energy, and value-added. In addition, we performed work for a number of other industry sectors in our economy because our skills are a natural fit with their needs.

As we have done over our thirty years of operation, we proved our reliability to develop innovative ideas and to carry them through. Our clients scored the excellence of our work overall at 9.6 out of 10! Our people closely monitor this and other aspects of service with our quality system, which is in its seventh year of successful ISO registration.

I thank our people, who have dedicated themselves to serving the needs of our region and our clients. Please take a few minutes to review the list of our Board and our staff. The future is bright, and it belongs to them.

President/CEO
Prairie Agricultural Machinery Institute

Highlights - 2004/05

The Prairie Agricultural Machinery Institute (PAMI) was established in 1975 as an applied research, development, and testing organization to provide a unique resource to farmers and agricultural machinery manufacturers on the Canadian prairies. After 30 years, PAMI's client base has expanded to include the transportation, military/peacekeeping, aeronautics, forestry, and mining industries. The organization is recognized as a technology leader around the world.

PAMI earns about 70 per cent of its revenue from fee-for-service work for its clients. The remainder is provided through grants by the governments of Saskatchewan and Manitoba. PAMI provides its services through technical divisions in Humboldt, Saskatchewan and Portage la Prairie, Manitoba. PAMI is ISO 9001:2000 registered.

PAMI Board of Directors

Tom Lowes, Chairman
(Saskatchewan Farmer)
Bill Zettler, Vice-chairman
(Manitoba Farmer)
Dr. Abdul Jalil,
Saskatchewan
Agriculture, Food, and
Rural Revitalization
Andrew Dickson,
Manitoba Agriculture,
Food and Rural Initiatives
Vacant
PIMA - Agricultural
Manufacturers of Canada

PAMI 2004/05

During 2004/05, PAMI conducted more than 370 projects related to agricultural research, agricultural development, and other activities. A few are highlighted on the following pages.

Agricultural Research

PAMI is developing Canada's first ***pilot-scale biodigester*** for research that will provide valuable information to manufacturers of full-scale biodigesters in Canada. The biodigester processes biological waste material, producing methane, which in turn can be used as a bio-energy fuel to drive furnaces or turbines in heat or electricity production.

While the underlying technology has been proven in Europe, testing is required to determine the varying characteristics of different feedstocks. Testing will use a variety of feedstocks such as livestock manure and other bio-solids to determine the different amounts of gases produced, and the unique conditions under which each feedstock must be processed. Also, by consuming what would otherwise be waste, greenhouse gas emissions will be reduced.

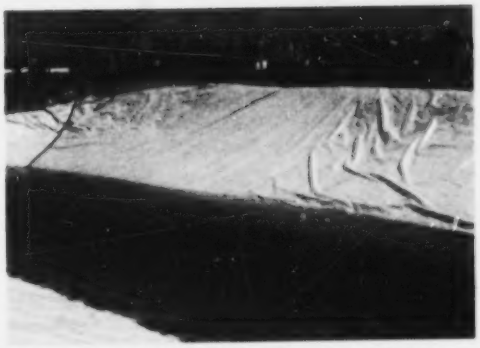
Research into ***precipitation harvesting*** is being conducted on a site at the Western Beef Development Centre's (WBDC) Termuende Farm near Lanigan, Saskatchewan. The testing involves two separate systems for collecting and storing precipitation. One system has been designed to provide water to10 cattle for 180 days and a larger system is designed for 30 cattle over 180 days.

The size of the area required for collecting the amount of precipitation to service each herd was calculated using long-term average precipitation information. Each catchment area was covered with a membrane to collect and direct precipitation runoff into a lined holding pond. The water is pumped to the cattle. Water quality, collection efficiency, and water use from both systems is being monitored. The first year of operation has shown the approach is feasible. The site will demonstrate to producers an improved means of precipitation harvesting for livestock use. This is an on-going project.

The project demonstrating the benefits of ***solid-seeding silage corn*** with an air seeder was conducted for a second year. Results indicate the air seeder performed as well as a conventional row planter. The option of using an air seeder for planting corn will benefit many producers in that they won't need to invest in row crop planters, and the corn can be harvested with a readily-available universal header.

PAMI continues to investigate ***alfalfa fractionation***, a process that separates the constituents of the plant through chemical and physical methods. Alfalfa juice is very high in various proteins and may be an excellent feedstock for value-added processing.

Below: Pilot biodigester will measure biogas output of different feedstocks.



Above: Precipitation harvesting provides an improved means of collecting runoff for livestock.

Highlights - 2004/05

PAMI evaluated a variety of methods for ***injecting cattle manure***, but has not yet determined a practical method. While economically and environmentally effective methods have been developed to inject hog slurry into soil, similar technology is not available for cattle manure. Research continues with the goal of developing the necessary technology.

Grazing trials of forage varieties, Western Beef Development Centre.

Other research continued in manure management, livestock watering, and farm energy conservation.

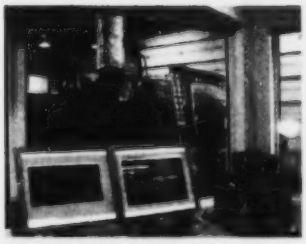
Agricultural Development

Agricultural development projects are generally conducted for farm equipment manufacturers, funded entirely on a fee-for-service basis by the companies. Since confidentiality is often critical to the client, discussion of individual projects is necessarily limited.

The success of PAMI's quality assurance system has been recognized, with seven years of continuous registration.

During the year, PAMI continued to provide ***field-testing services*** to harvest equipment manufacturers across Western Canada, throughout the United States, and in several other regions of the world. Tractor testing for a major farm machinery manufacturer was carried out.

Projects were also conducted for local manufacturers of ***components for harvesting equipment***. PAMI works with these manufacturers to optimize the operation of their components to ensure they work well with the host machine. A full range of product development services from concept development, design, and prototype fabrication to laboratory and field testing, performance evaluation, and customer monitoring was also provided.



Standards testing for engine installation validation.

Other Projects

Testing of ambulances and their systems, such as lights and strobes, air conditioning units, and heating was carried out during 2004/05. Tests were also conducted on vehicle seat belts and roof load capacities. PAMI continues to conduct a significant amount of testing, design, and feasibility studies for vehicles and equipment associated with military/peacekeeping activities.

PAMI continued to take a lead role in ***farm safety*** issues for Canadian farms. PAMI examined several older model tractors and built and tested a prototype Roll Over Protection (ROPS) device and seatbelt configuration for an older tractor. Many older tractors do not have ROPS, and often none are available from the factory or after-market sources. A guidebook is being developed to help farmers build and install their own ROPS on older tractors. PAMI continued to be involved in other farm safety activities such as determining methods of improving the safety of power take-offs on older machinery.

Western Beef Development Centre

In November, 2004, PAMI assumed management responsibility for the Western Beef Development Centre (WBDC). The WBDC operates two research farms near Lanigan and Melfort. Its mission is to increase the profitability of the cow-calf industry in Saskatchewan.

PAMI's Act was amended during the year to include beef research and development in its responsibilities. Effective April 1, 2005 WBDC will commence operations as a direct division of PAMI.

Information Services

Information Services continued in its critical role of distributing PAMI information in the form of Research Updates, reports, newsletters, and press releases. The organization's website plays an increasingly important role in providing clients and producers with timely information. PAMI's excellent research library continued to provide information and support to staff and producers.

PAMI's Information Services team participated in 19 events throughout the year, including exhibitions, seminars, and workshops. Media coverage was secured on TV and radio, and in newspapers. Mail-outs to PAMI and WBDC subscribers were completed, a newsletter prepared for the WBDC, and nine cow/calf schools were coordinated for the WBDC.

Highlights - 2004/05

Agricultural Partnerships

Through participating in partnerships, PAMI shares its expertise and experience to promote sustainability of the agricultural industry and to contribute to the community at large.

PAMI staff attended a number of conferences and trade shows to promote the corporation, share its knowledge, and to remain cognizant of the latest developments in the industry. Examples include the Agricultural Machinery Conference, the PIMA-Agricultural Manufacturers of Canada Annual General Meeting, and the Society of Automotive Engineers convention. On-going liaison and discussion continued with major agricultural manufacturers, auto manufacturers, the mining and forestry industries, and government agencies.

Consultations have been underway with various agencies concerning bio-diesel production, ethanol production, and animal composting. PAMI continued to increase its service to the cattle industry. In addition, PAMI provided representation to boards and committees of many industry organizations. Presentations were made to delegations from other agricultural regions, including Russia, The Ukraine, and Australia.

***"The Canadian Agricultural Safety Association (CASA) has been building partnerships and strengthening relationships with those who service the agriculture sector, to bring safer agriculture to all Canadian farms. Mr. Jim Wassermann, from PAMI's Humboldt office, has certainly contributed to this effort."* - CASA**

WESTEST 2004/05

Western Canada Testing Inc. (WESTEST) was established in 1991 to provide specialized testing and engineering services to a variety of clients. WESTEST is an ISO 9001:2000 registered company guided by its own Board of Directors. Personnel are provided to WESTEST on a contract basis by PAMI. About 250 WESTEST projects were conducted in 2004/05 in the areas of machinery and vehicles, packaging containers, mining, exporting, and other industries.

WESTEST's Mechanical Test Group provided testing for the development of agricultural tractors and attachments, transit buses, and marine craft components. This work employs WESTEST's extensive complement of load and vibration simulation and data acquisition equipment, and provides timely answers to difficult design questions.

The Package Testing Group conducted over 150 tests on behalf of container manufacturers during the year. These tests related to hazardous goods and packaging regulations, and also to package function and performance in the multiple roles they must perform.

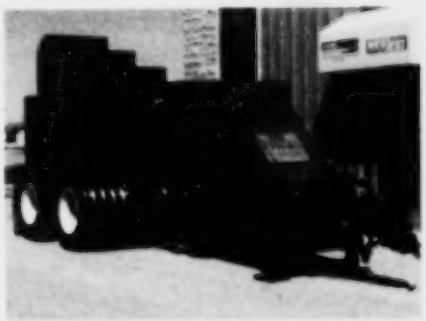
WESTEST and PAMI in partnership operate a drive-in environmental chamber at Humboldt which allows WESTEST to conduct a variety of vehicle tests including cold start testing.

WESTEST continued to provide specialized Euro-Compliance, rotary mower, and wire rope testing services to meet specific industry needs.

In response to requests from Canada's vehicle industry, WESTEST partnered with the Vehicle Technology Centre in acquiring a new ***tow dynanometer***. The tow "dyno" is a computerized rolling laboratory designed to be pulled by a truck, highway coach, or a similar vehicle to place a simulated load on the vehicle. The load may be varied to simulate different driving conditions such as going up hill to allow testing of a vehicle's engine and general power train performance, and vehicle systems such as the cooling system. The addition of the tow dyno has greatly expanded WESTEST's ability to provide its clients with reliable, complete vehicle testing services.

WESTEST
Board of Directors

Jerry Engel, Chairman
Roger Ludwick, Vice-chairman
Directors:
Gary Harris
Phil Reeves
Robert Malcolm
Don Watt
Loren Katzenberger
Tom McCrea
Ellwood Sawby
Carol Vibert



Left: WESTEST's new tow dynamometer provides accurate loading to test large trucks, buses, and machinery. This tow dynamometer is affiliated with the Vehicle Technology Centre.

AUDITOR'S REPORT

FINANCIAL STATEMENTS

For the Year Ended March 31, 2005

Management's Responsibility for Financial Statements

The Financial Statements and other related financial information contained in the annual report are the responsibility of management and have been approved by PAMI's Board of Directors.

Preparation of these statements has been done according to Canadian generally accepted principles. Financial data elsewhere in the annual report are consistent with information contained in the financial statements.

PAMI maintains a system of internal controls designed to provide reasonable assurance that the financial information is reliable and that the corporate assets are safe-guarded. The Provincial Auditor for Saskatchewan is appointed by legislation to annually audit the accounts and financial statements of PAMI. His report follows.

David Gullacher,
President/CEO

Barrie Broad,
Vice President,
Corporate Services

Humboldt, Saskatchewan
June 24, 2005

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Prairie Agricultural Machinery Institute as at March 31, 2005 and the statements of revenues, expenses and net assets, and cash flows for the year then ended. The Institute's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Prairie Agricultural Machinery Institute as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 24, 2005

Fred Wendel, CMA, CA
Provincial Auditor

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
BALANCE SHEET
As at March 31

	2005	2004
ASSETS		
Current:		
Cash	$ 2,158	$ 2,872
Due from General Revenue Fund (Note 3)	435	-
Accounts receivable	712,575	648,095
Prepaid expenses	86,312	85,164
	801,480	736,131
Property, plant and equipment (Note 4)	3,330,315	3,539,364
	$ 4,131,795	$ 4,275,495
LIABILITIES AND NET ASSETS		
Current:		
Bank indebtedness (Note 7)	$ 486,885	$ 327,419
Accounts payable and accrued liabilities	311,437	249,709
Due to General Revenue Fund (Note 3)	-	161,451
Unearned revenue	91,408	81,997
	889,730	820,576
Loan payable (Note 8)	-	7,952
Deferred capital grants	1,815,086	1,932,511
Due to Government of Alberta (Note 6)	23,938	23,938
	1,839,024	1,964,401
	2,728,754	2,784,977
Net assets (Statement 2)	1,403,041	1,490,518
	$ 4,131,795	$ 4,275,495
Commitments (Notes 9 and 12)		

(See accompanying notes to the financial statements)

Statement 2

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
STATEMENT OF REVENUES, EXPENSES AND NET ASSETS
Year Ended March 31

	Budget (Note 15)	2005	2004
Revenues			
Provincial transfers:			
Saskatchewan - General Revenue Fund			
- Department of Agriculture, Food and Rural Revitalization (Note 2d)	$ 600,000	$ 650,000	$ 468,000
Manitoba - Consolidated Fund			
- Department of Agriculture, Food and Rural Initiatives	259,800	259,682	332,500
	859,800	909,682	800,500
Fee for service	2,382,700	2,378,096	2,565,641
Capital grants (Note 5)	121,000	117,425	126,826
Interest income	-	668	3,134
Subscription income	8,000	11,407	16,425
Other income	7,800	16,732	3,399
Total revenue	3,379,300	3,434,010	3,515,925
Expenses			
Salaries and benefits	2,043,251	1,946,616	2,237,312
Other operating	1,291,765	1,330,342	1,311,615
Amortization	250,000	244,529	270,839
Total expenses (Schedule 1)	3,585,016	3,521,487	3,819,766
Excess of (expenses) over revenues	(205,716)	(87,477)	(303,841)
Net assets, beginning of year	1,490,518	1,490,518	1,794,359
Net assets, end of year (Statement 1)	$ 1,284,802	$ 1,403,041	$ 1,490,518

(See accompanying notes to the financial statements)

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
STATEMENT OF CASH FLOWS
Year Ended March 31

	2005	2004
Cash flows provided by operating activities:		
Receipts from customers and other	$ 2,349,860	$ 2,860,917
Receipts from Saskatchewan General Revenue Fund	650,000	468,000
Receipts from Manitoba Consolidated Fund	259,682	332,500
Payments to suppliers and employees	(3,189,219)	(3,566,562)
Interest paid	(21,454)	(12,275)
Interest received	668	3,134
Cash flows provided by operating activities	49,537	85,714
Cash flows used in investing activities:		
Purchase of property, plant and equipment	(40,206)	(146,017)
Proceeds from sale of property, plant and equipment	327	250
Cash flows used in investment activities	(39,879)	(145,767)
Cash flows used in financing activities:		
Repayment of loan (Note 8)	(7,952)	(10,604)
Decrease in restricted cash	-	8,398
Cash flows used in financing activities	(7,952)	(2,206)
Net increase (decrease) in cash and cash equivalents	1,706	(62,259)
Cash and cash equivalents, beginning of year	(485,998)	(423,739)
Cash and cash equivalents, end of year	$ (484,292)	$ (485,998)
Cash and cash equivalents comprised of:		
Cash	$ 2,158	$ 2,872
Due to General Revenue Fund	435	(161,451)
Bank indebtedness	(486,885)	(327,419)
	$ (484,292)	$ (485,998)

(See accompanying notes to the financial statements)

Notes

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2005

1. Status of Institute

The Prairie Agricultural Machinery Institute (Institute) is a body corporate under *The Prairie Agricultural Machinery Institute Act, 1999*. The affairs and business of the Institute are managed by the Prairie Agricultural Machinery Institute Board (Board).

The purposes of the Institute are:

a) to test and appraise under actual or simulated working conditions, machinery and electronic equipment used or intended to be used in the agriculture or food industries;

b) to undertake research and development projects to improve and develop machinery and electronic equipment for agricultural or food industries use;

c) to undertake beef research and development;

d) to publish such reports, pamphlets and bulletins as are consistent with the intent of the Act; and

e) to perform such additional functions as may be determined by the Board to be consistent with the objectives of the Institute.

The Institute's testing facilities are located in Humboldt, Saskatchewan and Portage La Prairie, Manitoba.

On wind-up, any net assets will be divided between Saskatchewan and Manitoba in proportion to their share in the Institute's assets equivalent to the percentage of funding provided to date by each province. Saskatchewan's share is about 70% and Manitoba's is about 30%.

The Institute relies on funding from the Government of Saskatchewan and Manitoba. It also relies on one customer for continued fee for service. This customer accounts for 21% (2004 - 33%) of its fee for service.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies of the Institute are as follows:

a) Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated amortization. The Institute's property, plant and equipment policy requires items with a minimum cost of $1,000 and an estimated useful life of greater than a year to be capitalized. Also, self-

constructed assets are recorded at cost, including labour and materials. Amortization is recorded using the declining balance method over the asset's expected useful life. The following rates have been used in applying this policy:

Building	5%
Equipment	10%
Furniture	10%
Vehicles	10%
Computer equipment	30%

b) Fee for Service Revenue

Fee for service is recognized as revenue when the related services have been provided. Fee for service on contracts and subscription revenue is recognized using the percentage of completion method. Monies received prior to providing services and subscriptions received for future periods are recognized as unearned revenue.

c) Capital Grants

Grants for property, plant and equipment are deferred until the assets are put in use and amortized. The Institute recognizes the capital grants as revenue equal to the amount of amortization charged for those assets.

d) Provincial Transfers

The Institute recognizes provincial transfers when received or receivable. The Institute's operations are funded by the Government of Saskatchewan (Saskatchewan) and the Government of Manitoba (Manitoba) according to an agreement between the two provinces. Under Order in Council 1800/79 the Institute is not required to return the unused portion of the provincial transfers.

3. Due to/from General Revenue Fund

One of the Institute's bank accounts is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. At year-end, COBC included the Institute's bank account with a balance of $435 (2004 – $161,451 overdraft).

The General Revenue Fund calculates interest on a quarterly basis using the Government's thirty-day borrowing rate and the Institute's average daily bank account balance. For 2005, the average rate was 2.19% (2004 – 2.79%).

Notes

4. Property, Plant and Equipment

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 4,156,576	$ 2,114,430	$ 2,042,146	$ 2,152,786
Equipment	1,844,482	1,124,319	720,163	767,183
Land and improvements	279,841	-	279,841	279,841
Furniture	149,296	127,387	21,909	24,347
Vehicles	391,258	204,859	186,399	207,251
Computer equipment	403,012	323,155	79,857	107,956
Total	$ 7,224,465	$ 3,894,150	$ 3,330,315	$ 3,539,364

5. Capital Grants

During the year, the Institute recorded $117,425 (2004 - $126,826) as capital grants equal to the amortization recorded for the government assisted property, plant and equipment.

6. Due to Government of Alberta

Effective March 31, 1988, Alberta terminated its participation in the original agreement dated October 1974 which established the Institute. As part of the termination, the Institute agreed to transfer to Alberta 35% of the Institute's net assets as at March 31, 1988. The amount owing to Alberta is $23,938 (2004 - $23,938). The Institute is discharging this liability by performing services for Alberta. Due to the nature of this payable, the fair value has not been determined.

7. Bank Indebtedness

The Institute is authorized to borrow up to $1.0 million under *The Prairie Agricultural Machinery Institute Act, 1999*. The Institute has established a line of credit of $600,000 with a bank. The Institute has assigned its accounts receivable as collateral for the bank indebtedness. Interest is charged on the line of credit at the bank's prime rate.

At year-end, the Institute owed the bank $486,885 (2004 - $327,419) on the line of credit.

8. Loan Payable

The Institute borrowed money from a finance company to acquire certain equipment. The loan had an implicit interest rate of 2.9% per annum. The Institute is required to pay $883 per month (including interest) until December 2005. Accounts payable includes $7,952 (2004 - $10,604) as the current portion of this loan payable.

9. Commitments

The Institute has agreed to provide in the future services without charge for several research and development contracts. The commitments at March 31, 2005 for such contributions totalled $64,323 (2004 - $45,617).

10. Financial Instruments

a) Significant terms and conditions

Significant terms and conditions related to financial instruments may affect the amount, timing and certainty of future cash flows. When such significant terms and conditions exist, they are described separately in the financial statements and the notes thereto.

b) Fair value

The fair values for the following financial instruments approximate their carrying values due to the immediate or short-term nature of these instruments:

i) accounts receivable
ii) bank indebtedness
iii) due to/from General Revenue Fund
iv) accounts payable and accrued liabilities
v) loan payable

c) Credit risk

The Institute is exposed to credit risk from the potential non-payment of accounts receivable. The credit risk on these accounts receivable is minimal because most contracts are with provincial and/or federal governments or well-established large private companies. An allowance for doubtful accounts is recorded for all those accounts that are considered uncollectible.

d) Interest rate risk

The Institute is exposed to interest rate risk when the value of its financial instruments fluctuates due to changes in market interest rates. The Institute's receivables from governments are non-interest bearing. Receivables from private organizations and individuals bear interest at two percent. The Institute's payables are non-interest bearing.

e) Currency risk

The Institute is exposed to currency risk when the value of its financial assets and liabilities held in U.S. currency fluctuates. This occurs due to changes in the value of the U.S. dollar relative to the Canadian dollar. At March 31, 2005, such accounts receivable amounted to $94,442 (2004 - $177,143) converted at a rate of one US dollar equal to 1.2096 Canadian dollars (2004 - 1.3105).

Notes

11. Related Party Transactions

These financial statements include transactions with related parties. The Institute is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. The Institute is also related to all Manitoba Crown agencies because of the Government of Manitoba's participation in the operations of the Institute. In addition, the Institute is related to non-Crown enterprises that the Government of Saskatchewan or the Government of Manitoba jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the agreed upon rates and are settled on normal trade terms. Those transactions and amounts outstanding at year-end are as follows:

	2005	2004
Saskatchewan		
Fee for service revenue	$ 275,591	$ 584,514
Operating expenses	360,072	378,592
Accounts receivable	129,137	82,595
Accounts payable and accrued liabilities	75,446	36,256
Manitoba		
Fee for service revenue	$ 72,818	$ 4,990
Operating expenses	50,745	52,596
Accounts receivable	36,409	-
Accounts payable and accrued liabilities	1,301	2,469

In addition, the Institute pays Saskatchewan and Manitoba provincial sales tax to each province's Department of Finance on its taxable purchases made in those provinces. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

12. Lease Commitments

Lease terms on equipment and land range from 3 to 10 years. Lease costs for land and equipment totalled $34,175 (2004 - $42,508).

The Institute is required to make the following minimum lease payments in future years:

2006	$ 26,335
2007	21,156
2008	8,060
2009	2,800
2010	2,800
Total	$ 61,151

13. Contractual Arrangement

The Institute entered into a contractual arrangement with Western Canada Testing Inc. (WESTEST), to manage and operate WESTEST under the direction of WESTEST's Board of Directors. Under the arrangement the Institute retains a certain percentage of the service fees from WESTEST clients. WESTEST is a federally incorporated, not-for-profit Corporation that carries out research and development in the areas of mechanical and agricultural engineering. During the year, the Institute earned $505,124 (2004 - $414,795) from WESTEST and recorded that as fee for service revenue. At year-end, accounts receivable includes $173,184 (2004 - $133,323) due from WESTEST.

14. Pensions

The Institute's employees participate in either the Public Service Superannuation Plan, a multi-employer defined benefit pension plan, or the Public Employees Pension Plan, a multi-employer defined contribution pension plan. These costs are included in salaries and benefits. The Institute's responsibility is limited to paying the required employer contributions for its employees. During the year, the Institute's cost was $79,386 (2004 - $84,507) for contribution to these plans.

15. Budget

The budget for 2004/2005 was approved by the Board.

16. Western Beef Development Centre

During the Year, the Institute made an agreement with the Western Beef Development Centre (WBDC) to manage its operations effective October 1, 2004. The Institute is currently negotiating with the Department of Agriculture and Food an agreement to integrate the operations of WBDC with its own operations.

The Institute received $50,000 from the Department to integrate the WBDC's operations and recorded this amount as provincial transfers.

17. Comparative Figures

Certain comparative figures have been restated to conform with the current year's presentation.

Schedule 1

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
SCHEDULE OF EXPENSES
YEAR ENDED MARCH 31

	Budget	2005	2004
Salaries and benefits	$ 2,043,251	$ 1,946,616	$ 2,157,469
Travel and vehicle operations	353,550	276,615	348,670
Amortization	250,000	244,529	270,839
Insurance, licences and property taxes	207,450	216,434	206,960
Contractual services	133,900	210,841	262,571
Shop supplies	155,275	160,414	146,559
Utilities	97,000	126,483	102,010
Stationery and office supplies	62,950	67,226	65,604
Telephone	47,950	56,562	51,540
Repairs and maintenance - building and equipment	52,125	49,558	60,264
Professional and technical services	29,090	33,439	13,256
Computer services	36,750	32,502	33,103
Lease – land and equipment	31,775	29,890	30,490
Advertising and promotion	16,250	26,254	18,038
Interest expense	15,100	21,454	16,738
Reference material	15,450	9,581	17,143
Bad debt expense	24,000	5,705	3,618
Printing and binding	9,650	5,629	11,654
Honoraria	3,500	1,755	3,240
	$ 3,585,016	$ 3,521,487	$ 3,819,766

PAMI's Staff

Corporate Management Team

Gullacher, David	President/Chief Executive Officer
Broad, Barrie	Vice President, Corporate Services, Quality Systems Manager
Chorney, Harvey	Vice President, Manitoba Operations
Wassermann, Jim	Vice President, Saskatchewan Operations

Administrative Services

Abrey, Rachel	Administrative Supervisor
Aquin, Annette	Administrative Supervisor, Quality Systems Coordinator
Bergermann, Carol	Controller
Malinski, Marilyn	Accounting Supervisor
Szautner, Laurie	Quality Systems Coordinator

Communication Services

Doepker, Sharon	Research Librairian
Jackson, Carol	Assistant
Lepage, Dianne	Administrative Assistant

Technical Services

- including Harvesting, Soils and Crops, Energy and Processing, Applied Technologies, Mechanical Engineering, and Package Testing

Bjarnason, Tyrell	Project Leader
Burke, Harry	Project Development
Burton, Gregory	Computer Systems Administrator
Carmichael, Ken	Computer Systems Administrator, Instrumentation/Electronics Supervisor
Carr, Terry	Assistant Manager, Package Testing
Cropper, Robert	Project Leader
Cross, Errol	Project Technician
Gregg, Nathan	Project Leader
Hill, Les	Project Development
Hultgreen, Gordon	Project Leader
Kelly, Dave	Project Leader
Landry, Hubert	Project Leader
Leduc, Philip	Senior Manager, R & D
Lucyshyn, Troy	Project Development
Rude, Derek	Project Leader
Stock, Wayne	Project Leader
Swiddle, Steve	Project Development

Shop Services

Bay, Ted	Supervisor
Cleaver, Cam	Project Technician
Cook, Murray	Fabricator
Doepker, Gordon	Maintenance
Rauert, Andrew	Fabricator
Smith, Art	Supervisor

Western Beef Development Centre

Kirzinger, Russel	Farm Supervisor

Corporate Services
P.O. Box 1150, Highway #5 West
Humboldt, SK S0K 2A0
Phone: (306) 682-2555
Fax: (306) 682-5080
E-mail: pami@sasktel.net

Saskatchewan Operations
P.O. Box 1150, Highway #5 West
Humboldt, SK S0K 2A0
Phone: (306) 682-5033
Fax: (306) 682-5080
E-mail: humboldt@pami.ca

Manitoba Operations
P.O. Box 1060, 390 River Road
Portage la Prairie, MB R1N 3C5
Phone: (204) 239-5445
Fax: (204) 239-7124
E-mail: portage@pami.ca

Websites: www.pami.ca
www.westest.ca

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE

CONSOLIDATED REPORT

2004 – 2005

PAMI

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE
CONSOLIDATED REPORT

March 31, 2005

Vendors Over $50,000

Vendor	Amount
Royal Bank Visa	$ 158,347
Public Employees Superannuation	151,538
AON Reed Stenhouse	131,759
City of Humboldt	68,924
Thompson Travel	64,969
PIMA Group Insurance	59,231
HB International	56,223
Total	$ 690,991

PRAIRIE AGRICULTURAL MACHINERY INSTITUTE	
CONSOLIDATED REPORT	
March 31, 2005	
Salaries and Payments Over $50,000	
NAME	AMOUNT PAID
Hill, Leslie	$ 92,838
Gullacher, David	90,226
Chorney, Harvey	85,328
Wassermann, James	84,231
Leduc, Phillip	76,721
Broad, Barrie	74,908
Lucyshyn, Troy	71,993
Carmichael, Kenneth	68,845
Bay, Ted	62,766
Kelly, David	62,469
Burton, Gregory	56,768
Stock, Wayne	55,084
Gregg, Nathan	52,943
Hultgreen, Gordon	51,617
Cook, Murray	51,485
Smith, Art	50,775
TOTAL	$1,088,997